

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 97-930

January 27, 1998

CENTRAL MAINE POWER COMPANY
Applications for Approval of
Reorganizations, Of Transactions
with Affiliated Interest, and of
Transfer of Assets

ORDER GRANTING INTERIM
APPROVAL TO INCORPORATE
HOLDCO

WELCH, Chairman; NUGENT and HUNT, Commissioners

I. SUMMARY

In this Order, we grant interim approval for Central Maine Power Company (CMP) to incorporate a holding company for the limited purpose of making required Securities and Exchange Commission (SEC) filings.

II. BACKGROUND

On December 8, 1997, CMP filed an application, pursuant to 35-A M.R.S.A. §§ 708 and 1101, requesting approval of a reorganization and certain transactions between CMP and its affiliates. If approved, CMP will form a new Maine-based holding company (HoldCo) with CMP and other existing affiliates becoming subsidiaries of HoldCo. As part of its application, CMP requests interim authorization of the holding company by January 12, 1998 for the limited purpose of making various applications and filings to the SEC under the Public Utility Holding Company Act and the securities laws.

During a prehearing conference on January 14, 1998, CMP further described to the parties its request for interim authorization. After CMP answered questions from the parties, the Hearing Examiner asked CMP to reduce its request to writing and afforded the parties an opportunity to comment on the request by Wednesday, January 21. CMP made its filing on January 16, 1998. IECG and the Public Advocate filed comments on January 21, 1998. The Coalition for Sensible Energy (Coalition) filed comments on January 23, 1998.

III. DISCUSSION

CMP seeks interim authorization to form HoldCo for the sole purpose of allowing HoldCo to make necessary SEC filings to meet CMP's planned timetable to reorganize into a holding company structure. HoldCo must submit SEC Form U-1 to receive SEC approval for HoldCo to acquire the securities of CMP and its

affiliates. It typically takes the SEC 3 to 4 months to process Form U-1. SEC approval will not be final until it receives a copy of the Maine Commission's Order so it can determine that HoldCo has complied with all state laws applicable to the reorganization. HoldCo must also file a registration statement on Form S-4 in connection with the issuance by HoldCo of common stock to the public. CMP has determined that Form S-4 must be filed in early February to obtain the required clearances so that a vote can take place at the May 15, 1998 Annual Meeting of Shareholders. CMP makes clear in its January 16 filing that the interim authorization is solely for the purpose of making these SEC filings.

The Public Advocate has no objection to interim approval for the sole purpose of making the SEC filing. The IECG suggests that the Commission wait until the Commission concludes Phase I of this proceeding.¹ The Coalition agreed with IECG's comments.

The Commission will approve, on an interim basis, the creation of HoldCo. This is done with the understanding that neither CMP nor HoldCo will transfer any assets to or for HoldCo nor will the Company take any further action other than those described in connection with the two SEC filings. In granting this interim authorization, the Commission does not determine at this time that the holding company structure is in the public interest. This question is reserved for the full proceeding. Although we could wait to authorize the creation of HoldCo until Phase I of this proceeding is completed as suggested by IECG, the Commission finds that ratepayers are adequately protected by allowing CMP to create HoldCo for the very limited purpose of beginning the necessary SEC approvals. In the event the Commission ultimately does not approve the creation of HoldCo, CMP must withdraw its SEC filings.

Accordingly, we

O R D E R

That Central Maine Power Company is authorized to incorporate HoldCo, as described in its application of December 8, 1997 and comments filed on January 16, 1998 in this docket, for the sole purpose of filing SEC Forms U-1 and S-4 with the Securities and Exchange Commission.

¹The Hearing Examiner proposed in a procedural order issued on January 16, 1998 that CMP's request for approval of creation of the holding company taken up as Phase I of this docket with a decision on Phase I possible as early as mid-March.

Dated at Augusta, Maine this 27th day of January, 1998.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent
 Hunt